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Kaplan Fund, Cited as C.I.A. 'Conduit,' Lists Unexplained \$395,000 Grant

By FOSTER HAILEY

Charges that the J. M. Kaplan Fund, Inc., of 55 Fifth Avenue has acted as a "secret conduit" for transmission of funds abroad for the Central Intelligence Agency have met a wall of silence at the fund.

A copy of the report made by the Kaplan Fund as a tax-exempt organization to the Internal Revenue Service for 1963, however, shows an unexplained grant of \$395,000 for that year to an institute headed by a man who has long been identified with anti-Communist causes in Europe and Latin America. The grant was by far the largest made by the Kaplan Fund last year in a total of \$1,045,390.

The recipient of the \$395,000 was the Institute of International Labor Research, Inc., of 113 East 37th Street. Its secretary-treasurer is Sacha Volman, a naturalized refugee from Rumania. For years in Paris he headed a group called Free Trade Unions in Exile that worked with underground anti-Communist forces in Eastern Europe.

Mr. Volman established his institute here in 1959. Its present office is a two-room flat at the rear of the second floor of a converted brownstone, midblock on 37th Street between Lexington and Third Avenues. It has had a tax-exempt status from the Internal Revenue Service. Norman Thomas is listed as chairman of its board of directors.

Mr. Volman denied by telephone from Washington last night that he knew of any C.I.A. connection, or of any other Government agency link, with the moneys granted the institute by the Kaplan Fund. It was his recollection that the fund had also made grants in 1960, 1961 and 1962, although not in as large amounts as in 1963.

Fears for Contributions

"I can absolutely assure you that there were no conditions attached to the contributions received from the Kaplan Fund," he said.

He said he did not know Mr. Kaplan well and that he thought the contributions had been solicited by one of his board of directors.

"We have absolutely nothing to hide," he said. "We believe our activities have been good activities."

He was fearful that any publicity tending to link the institute with American intelligence activities would dry up contributions. Some contributors, he said, have been Harvard and Brandeis Universities.

At his institute office it was said the stated purposes of the institute were to be "educational research in undeveloped countries" and that it had "established schools in Latin America."

It is doing no work now in Latin America. The last was the Center of Research in Economic and Social Development in Santo Domingo, the Dominican Republic. It was closed when the Bosch Government was overthrown by a military military junta a year ago this month and President Juan Bosch was exiled.

Active in Costa Rica

That center, or CIDES as it was known, was supported by the Ford and Parvin Foundations, the latter with headquarters in California, and the Agency for International Development of the United States. Mr. Volman was the director.

Before founding CIDES in Santo Domingo after the overthrow of the Trujillo dictatorship, Mr. Volman had directed the Institute of Political Education in San Jose, Costa Rica. Dr. Bosch was a member of the faculty. The institute was closed after the overthrow of Trujillo, and faculty and staff moved to Santo Domingo.

The grant of \$395,000 by the Kaplan Fund to Mr. Volman's organization stood out in their

report to Internal Revenue because of the amount. The Fund made 101 grants in 1963, most of them of only four figure amounts. Next largest to the grant to the institute was one of \$100,000 to the Jewish Theological Seminary of America.

Most of the other grants listed, both large and small, were to easily identifiable organizations in or around New York City.

Another interesting figure in the Kaplan Fund report was that of \$395,750 listed as a "contribution" under the heading "Receipts Not Reported Elsewhere." The source was not given.

The charge that the New York philanthropic organization was being used as a "secret conduit" for C.I.A. funds was made Monday in Washington by Representative Wright Patman, the Texas Democrat who heads the House Small Business subcommittee that has been investigating tax-exempt foundations. The Kaplan Fund has been under investigation both by the House group and by the Internal Revenue Service. Mr. Patman had charged the fund with using some of its monies in business operations.

It was brought out at Monday's hearings that the C.I.A. had given some monies to the Kaplan Fund, but the amount and the purpose was not told.

Mr. Patman also on Monday asked the Internal Revenue Service to give him the names of eight funds or foundations listed

as having contributed more than \$925,000 to the Kaplan Fund from 1961 to 1963.

Mr. Patman's office said yesterday that that information had not been received.

The regional office of Internal Revenue at 120 Church Street said its national list of foundations entitled to tax exemption listed three of the eight—the Gotham Foundation

the Michigan Fund of Detroit and the Andrew Hamilton Fund of Philadelphia—but not the five others. They were given as the Borden Trust, the Price Fund, the Edsel Fund, the Beacon Fund and the Kentfield Fund.

The offices of the Foundation Library Center of 444 Madison Avenue, which publishes The Foundation Directory, listing

all known foundations, their officers and their assets, also has no record of the last five. Mrs. Marianna O. Lewis, co-editor of The Foundation Directory, also said she had no information on the first three, except for their listing by the Internal Revenue Service.

"I've been trying for seven years to get information for our files on the Gotham Foundation," she said.

After Monday's hearings in Washington, Mr. Patman and his staff met with officials of the intelligence agency and Internal Revenue Service. Mr. Patman then announced that he was dropping the C.I.A. phase of the investigation.

"The C.I.A. does not belong in this foundation investigation," he said.

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